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March 12, 2007

JOHN W. FLITTER  
DIRECTOR  
ELECTRIC & GAS REGULATION

**VIA ELECTRONIC FILING**

Mr. Charles L.A. Terreni  
Chief Clerk & Administrator  
**Public Service Commission of South Carolina**  
101 Executive Center Drive  
Columbia, South Carolina 29210

Re: Docket No. 2007-36-E – Application of Progress Energy Carolinas, Inc. and  
Lynches River Electric Cooperative, Inc. to Establish Electric Service Rights.

Dear Mr. Terreni,

This joint Application requests reassignment to Lynches River Electric Cooperative, Inc. ("Lynches River") of a certain portion of territory in Chesterfield County, south of the City of Pageland, South Carolina previously assigned to Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. ("PEC"). A public Notice concerning this matter was previously published which included a return date for participation of March 1, 2007. This return date has expired with no intervention or comments from any interested party.

The purpose of this letter is to inform the Public Service Commission ("Commission") that the Office of Regulatory Staff ("ORS") has reviewed the above referenced filing and with one exception ORS does not have any objection to the filing. The Application states that this portion of PEC's territory is surrounded by territory assigned to Lynches River and PEC has no existing customers in this area. Further, the Application states that in order to provide service most economically and efficiently and to minimize duplication of facilities in this area, reassignment of this portion of territory to Lynches River would be prudent and is in the public interest. In reviewing this matter, ORS has observed on both the original territorial assignment map as well as Attachment A of the Application, the existence of a PEC power line extending through the area requested for reassignment. Since this power line could carry or claim associated corridor rights, subsequent service provisions in this particular area could potentially be affected. ORS has discussed this matter with PEC and the Company has agreed to relinquish any corridor rights to the portion of this line located in the area that is the subject of this reassignment Application. PEC has authorized ORS to include the Company's concurrence in surrendering claim of corridor rights in this instance.

Thank you for the opportunity to provide our comments in this matter.

Sincerely,

  
John W. Flitter

JWF/swb

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ELECTRONIC FILING INSTRUCTIONS.

Mr. Charles L.A. Terreni  
March 12, 2007  
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cc: Dan F. Arnett, Chief of Staff, SC ORS  
Florence Belser, General Counsel, SC ORS  
Nanette Edwards, Deputy General Counsel, SC ORS  
Wendy B. Cartledge, Staff Counsel, SC ORS  
Len S. Anthony, Deputy General Counsel—Regulatory Affairs, Progress Energy Service Co. LLC  
J. David Black, Esquire, on behalf of Lynches River Electric Cooperative, Inc.  
Dr. James Spearman, Executive Assistant to SC PSC